



DAVID L. GOULD COMPANY

February 13, 2008

Fair Political Practices Commission
Mr. Ross Johnson, Chairman
428 J Street, Suite 620
Sacramento, CA 95814

RE: Proposed Regulation 18421.7

Dear Chairman Johnson:

I am President of the California Political Treasurers Association (CPTA), a professional association of campaign treasurers responsible for the day-to-day administration of political campaign accounts and ensuring compliance with the reporting requirements imposed by the Political Reform Act and FPPC Regulations.

We have reviewed the Commission's proposed new Regulation 18421.7 and amended Regulation 18401. As set forth in more detail below, we believe that these regulations as currently drafted do not give sufficient guidance to the regulated community on how to comply with their new disclosure requirements. Moreover, they impose overly burdensome reporting and recordkeeping requirements upon candidates and treasurers.

For more than 15 years the Political Reform Act has required campaign funds to be used only when related to a "political, legislative, or governmental purpose." While there have been a few recent media reports about candidate use of campaign funds for gifts and meals, those reports should not result in an overreaction by the FPPC in imposing burdensome reporting and record keeping requirements upon all candidates. If abuses have occurred, then the FPPC should take appropriate enforcement action.

We note that over the past 15 years there have been relatively few cases where the FPPC has found violations of the personal use laws. This suggests to us the need for a new regulation may be overstated.


As an initial matter we are concerned that the FPPC will now require committees to "briefly describe" the legislative, governmental or political purpose of expenditures. We do not know what that means. We know that the FPPC has never defined legislative, governmental or political purpose, so requiring committees to now describe those purposes seems like putting the cart before the horse. In short, committees required to comply with the law are left in the dark on how to do so.

Additionally, we note that similar reporting provisions regarding candidate travel were previously contained in the Political Reform Act. The Legislature removed these reporting provisions because the significant burden imposed by them on the political reporting community outweighed the modest public benefit received by such a limited disclosure of the information. Because the Legislature deleted these reporting requirements from the Political Reform Act, we believe it should be left to the Legislature to decide if they should be reinstated.

In addition to the above, we have identified the following list of questions and issues:

1. "Gift" is not defined in the regulation. Do we use the Government Code Section 82028 definition of gift, including the exceptions created by FPPC regulation?
2. The new regulation contains different reporting requirements for "gifts" and "meals" although these two categories often crossover (i.e. a meal purchased for a covered official). In these instances, is the gift of a meal reported under (a)(1), (a)(2), or both?
3. If an official travels within California, he or she is required to report meals but not other travel-related costs such as airfare, hotel, rental car, etc. While this is easier from a reporting standpoint, it doesn't make sense to distinguish meals from other expenditures.
4. "Meal" is not defined by the regulation. Does it include all expenditures for food? Are beverages considered a meal? A reception with food or hors d'oeuvres?
 - a. If an official orders room service at a hotel and orders a bagel and a cup of coffee to his room, must he or she report the cost of the bagel and coffee if the total charges to the hotel require itemization?
 - b. If an official purchases sandwiches, chips, and sodas for volunteer precinct walkers, must that be reported if the total expenditures must be itemized?
 - c. If an official goes to Costco to purchase office supplies and snacks such as water, soft drinks, chips, etc., must they report under (a)(2) if the total expenditures at Costco must be itemized? If not, does the answer change if they purchased hot dogs and hamburgers?
5. Regulation 18421.7 requires a Committee to "briefly describe the political, legislative, or governmental purposes of the expenditures" for meals, gifts, and out of state travel. What are examples of brief descriptions of political, legislative, or governmental purposes that will satisfy the Regulation's mandate?
6. The current forms do not provide for the reporting of the new information. Will the forms be revised before the requirements take effect, or should the description and information be provided in some other way? Most commercial software allows for some information in a memo field, but these have limitations as does the Secretary of State's ability to receive descriptions based on characters for the electronic filing system.

Sincerely,



David L. Gould, President
California Political Treasurers Association